



**Denali Commission**  
510 L Street, Suite 410  
Anchorage, AK 99501

907.271.1414 *tel*  
907.271.1415 *fax*  
888.480.4321 *toll free*

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## **Denali Commission Investment Policy**

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### **Objective**

The Denali Commission (Commission) is committed to accelerating the building of sustainable infrastructure in rural Alaska to enhance the health and safety of rural residents and to provide the underpinnings for economic opportunity. The Commission will invest the limited funds with which it is entrusted in the most conscientious and sustainable manner possible with the objective of maximizing the benefits to rural Alaskans.

### **General Policy**

Commission investments are directed by federal law, by the Commission's Guiding Principles and by specific allocation decisions made by the Commission. Infrastructure needs of rural Alaska are enormous compared to available funding, thus, it is imperative that each dollar be invested in a way that will maximize the sustainable long term benefits to Alaskans.

The Commission will promote investment in infrastructure where the promise of sustainability (facility and services) can reasonably be demonstrated both now and in the future. Infrastructure sustainability can be enhanced by adapting available technology and appropriately sizing facilities to meet the particular needs and circumstances of communities.

### **Factors which will influence investment decisions:**

#### **A. Imminent environmental threats**

Facilities will be placed so as to be protected from imminent environmental threats such as flooding and erosion. Long term investments generally will not be made in areas that are subject to imminent environmental threats.

**B. Priority to be placed on needs of existing communities**

The Commission will give priority to the critical infrastructure needs of existing communities before considering proposals to create new communities unless there is a congressionally directed relocation of an existing community.

**C. Regional support**

The Commission recognizes that borough and local governments promote equity among Alaskans and that the existence of a state-chartered government increases the probability that basic infrastructure and services provided with Denali Commission funds will be sustained over the long term. The Commission also recognizes that other regional organizations share both responsibility and capacity to contribute to sustainability. Consistency with a regionally approved plan is a factor lending strength to investing in a particular project.

**D. Proximity/access to existing services and/or facilities**

In determining the need for a new facility, a careful evaluation of existing access to services or facilities will be performed. Where the needs of two or more communities in close proximity to one another can be adequately and more cost effectively served by a single facility, that option will be selected over separate facilities for each community. Investments will be made where critical unmet needs are demonstrated.

**E. Renovation versus new construction**

Where existing facilities can be renovated or expanded to adequately meet community needs at significantly lower life-cycle costs than new construction, that option will be favored.

**F. Population trends**

Infrastructure will be sized to meet needs that can reasonably be projected over the design life of the project. If population is increasing, appropriate excess capacity will be provided to accommodate growth. Decreasing population may result in a smaller facility than the current population would dictate. For communities with populations declining 20% or greater over a 10 year census period and where there is indication such trends will continue, special attention will be given to appropriate design and sizing of facilities.

**G. Affordability**

The Commission will evaluate proponents' capacities to afford the life-cycle costs associated with sustaining proposed services and/or facilities, either through user fees, industry support, government transfer payments or grants from private entities.

**H. Per capita investment**

While there are many factors which may explain extreme variations in per capita investment in communities, the Commission will compile and review this data to ensure that there is reasonable equity in the distribution of funds across all rural Alaska communities.

**I. Unit cost**

Unit cost of construction varies widely across the state for a number of reasons including the technology employed and/or designs utilized. High unit cost tends to work counter to project sustainability. Some of the variables impacting unit cost (project location, soil conditions, etc.) are not controllable, but many others are. The Commission will make every reasonable effort to control unit cost by working with award recipients through its Partners to ensure that the most appropriate technology and designs are applied.

**J. Good faith**

The long term sustainability of Commission investments is highly dependent on the good faith of the recipients of those investments. In evaluating potential investments the Commission will give priority to advocates who have historically demonstrated good faith in making and keeping financial commitments. Previous demonstrations of bad faith, particularly with previous state or federal investments or failure to pay taxes, may preclude additional investments.

**Implementation**

The Commission will consider all available information regarding each of the factors identified above and any other relevant information in making investment decisions. In cases where sustainability of an investment is questionable, the Commission, either directly or through its Partners, will work with project proponents to attempt to find workable solutions. It will be incumbent on requestors to provide pertinent information that is not otherwise available and to actively engage in the effort to develop workable solutions. Solutions may involve smaller scale or mobile facilities and may include multi-community or regional management approaches. If no workable sustainable solution is apparent, the Commission or its Partners may suggest alternative means to access critical services.

Decisions regarding questionable investments will be made by the Commission's Chief of Staff. Any decisions made relative to this policy may be appealed first to the Federal Co-Chair and ultimately to the full Commission.